

EXHIBIT # 2

State of Hawaii
DEPARTMENT OF LAND AND NATURAL RESOURCES
Division of Boating and Ocean Recreation
333 Queen Street, Suite 300
Honolulu, Hawaii 96813

October 11, 1996

Board of Land and
Natural Resources
State of Hawaii
Honolulu, Hawaii

MAUI

RESUBMITTAL

**ISSUANCE OF LEASE BY DIRECT NEGOTIATION,
MANELE BOAT HARBOR, ISLAND OF LANA'I**

STATUTE: Section 171-11, 16 and 53(c), Hawaii Revised Statutes

APPLICANT: Lanai Company, Inc.

AREA: Lease area of 28,625 square feet and non-exclusive easement area of 21,527 square feet

LOCATION: Manele Boat Harbor, Island of Lana'i, Tax Map Key No. 4-9-17:06, being a portion of Governor's Executive Order Nos. 2422 and 3111, as shown on the attached Exhibit "A".

PURPOSE: Development, construction, use and maintenance of at least twenty-four (24) boat slips within the lease area, and utilities, paving, landscaping other associated improvements within the easement area.

EFFECTIVE DATE: To commence on a date to be determined and approved by the Chairperson.

RENTAL: To be determined by independent appraisal.

REMARKS: The Senate of the Eighteenth Legislature, State of Hawaii, recognized the demand for additional boat slips and related facilities on the Island of Lana'i. The Division of Boating and Ocean Recreation does not have

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any immediate plans to develop additional slips at this boat harbor. As such, Senate Concurrent Resolution (SCR) No. 16, Session Laws of Hawaii (SLH) 1996, attached hereto as Exhibit "B", resolved to authorize the Board of Land and Natural Resources to lease certain fast and submerged lands at Manele Bay to the Applicant for marina purposes.

In its testimony before the Eighteenth Legislature dated March 26, 1996, attached hereto as Exhibit "C", the Lanai Company stated its intent to provide additional improvements including paved roadway and parking, landscaping, utilities (including electricity, telephone and water), a picnic area, improved fishing pier, and improved trailer boat wash-down area. These additional improvements are considered to be an additional public benefit to the State and the residents of Lanai.

The lease document will be submitted to the Department of the Attorney General for review and approval as to form.


RECOMMENDATION:

That the Board authorize the issuance of a lease and non-exclusive easement by direct negotiation, subject to the following terms and conditions:

1. Use of the boat slips shall be in accordance with the provisions of SCR No. 16, SLH 1996.
2. Lanai Company, Inc. shall provide the additional improvements as proposed in Exhibit "C".
3. Rental may be in the form of fixed annual rental, a percentage of mooring fees, or a combination of both.
4. All other standard terms, covenants and conditions applicable to a lease issued by direct negotiation.
5. Such other terms and conditions as may be prescribed by the Chairperson.

October 11, 1996

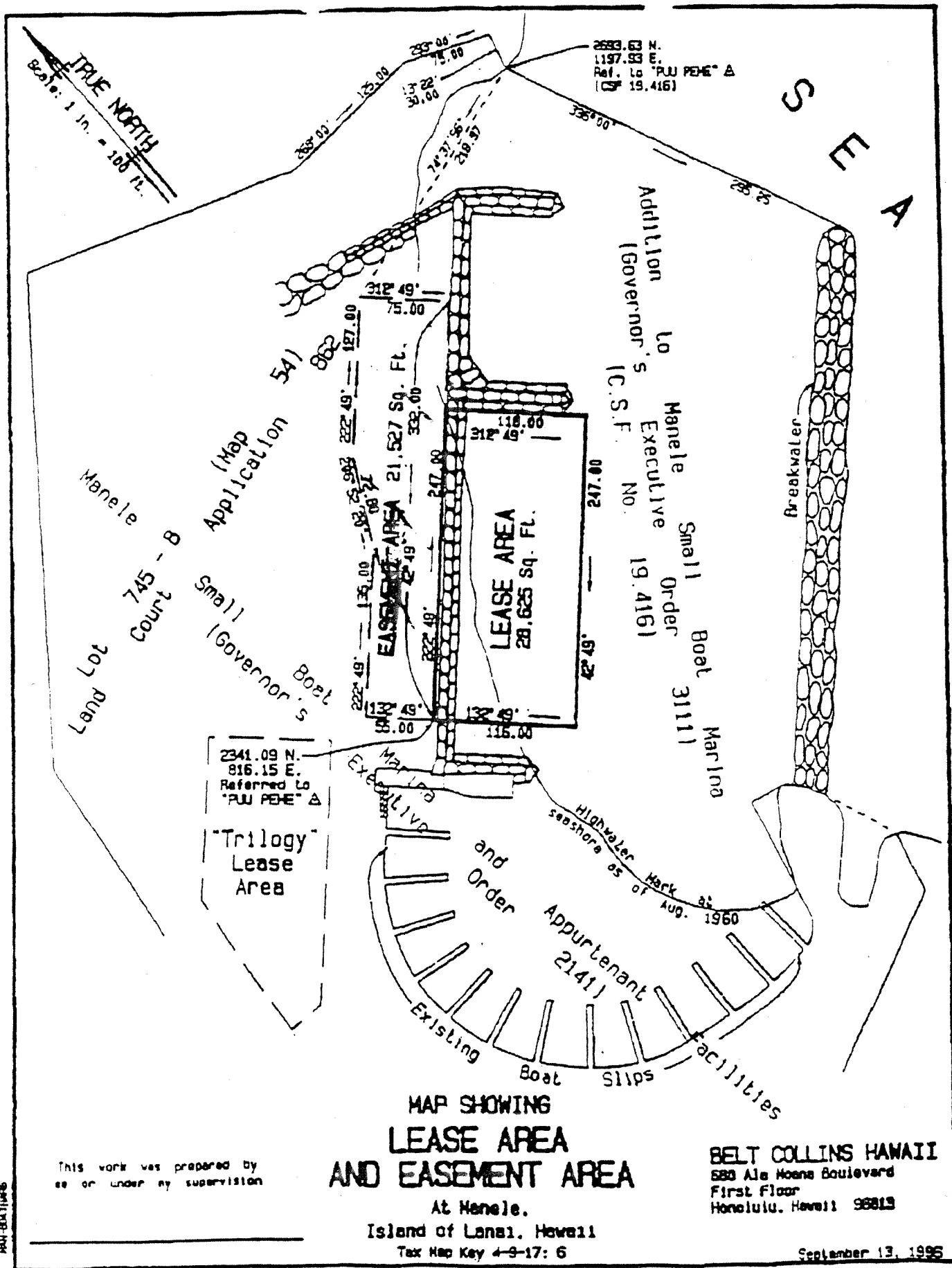
Respectfully submitted,

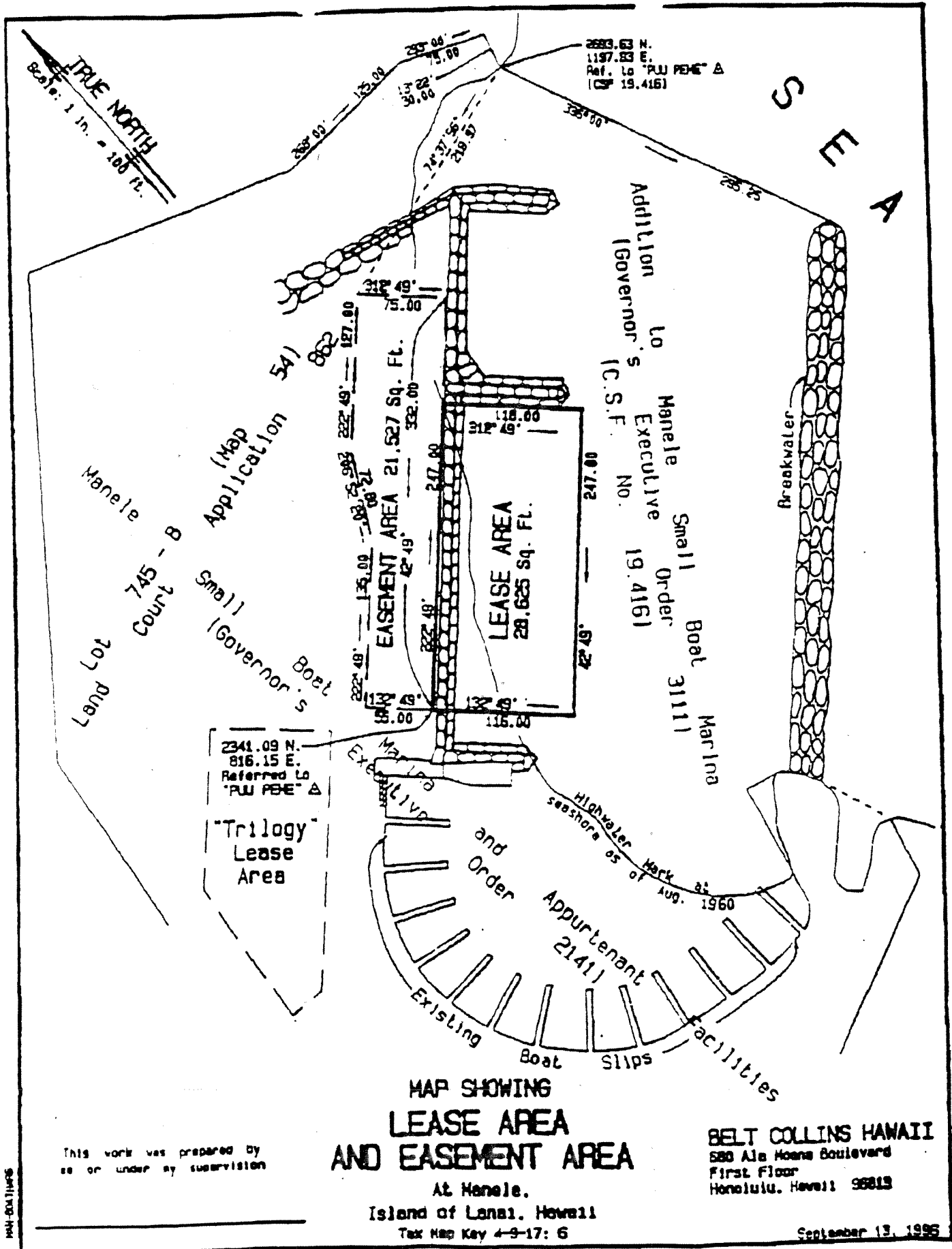

David E. Parsons
State Boating Administrator

Attachment

APPROVED FOR SUBMITTAL:


MICHAEL D. WILSON, Chairperson





SENATE CONCURRENT RESOLUTION

AUTHORIZING THE BOARD OF LAND AND NATURAL RESOURCES TO LEASE
CERTAIN SUBMERGED LANDS AT MANELE BAY, HAWAII, TO LANAI
COMPANY, INC., FOR MARINA PURPOSES.

1 WHEREAS, the number of registered boats in the State has
2 grown from 6,000 in 1960 to over 13,000 in 1989, an increase of
3 130 per cent, and by the year 2000 over 20,000 boats are
4 expected to be registered; and

5
6 WHEREAS, the island of Lanai has 59 registered boats,
7 with a waiting list of approximately 20 boats for the 24 slips
8 presently at Manele Bay; and

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10 WHEREAS, the Manele Small Boat Harbor is a shallow draft
11 harbor on the southern coast of Lanai, and the island's only
12 small boat harbor; and

13
14 WHEREAS, Lanai is growing rapidly, and an expanded small
15 boat harbor is needed because the existing boat moorings within
16 the harbor are inadequate to meet the demand for additional
17 commercial services such as tours, day trips and charters, as
18 well as private boaters and fishermen; and

19
20 WHEREAS, during certain times of the year and during
21 special events, numerous boats must anchor in the bay due to
22 the shortage of space; and

23
24 WHEREAS, a number of slips in the Manele Small Boat
25 Harbor are utilized by persons residing on neighboring islands,
26 due to the shortage of slips there; and

27
28 WHEREAS, as there are no commercial facilities,
29 telephones, or other facilities existing at the Manele Small
30 Boat Harbor, visitors from other islands are left stranded at
31 the harbor unless they have made prior arrangements to be
32 picked up there upon arrival; and
33

1 WHEREAS, possessing only limited improvements, the
2 Manele Small Boat Harbor has no lights, telephone, or improved
3 water system, and a lack of these improvements may result in
4 hazardous situations in the event of emergency situations; and
5

6 WHEREAS, the development of additional boat slips is an
7 integral part of a master plan for the development of adjacent
8 commercial property which will provide facilities for small
9 retail shops and businesses to greet people upon arrival at the
10 harbor; and
11

12 WHEREAS, the construction of an attractive, safe, and
13 functional harbor area, including landscaped parking,
14 utilities, and a picnic area will be a great benefit to the
15 State; and
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17 WHEREAS, a group of Lanai boaters, fishermen,
18 businessmen, and commercial operators formed the Manele Harbor
19 Advisory Committee, which prepared a Draft Manele Small Boat
20 Harbor Master Plan, reflecting input from people who use the
21 facilities or are directly related to the development of the
22 facilities; and
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24 WHEREAS, the factors which influenced the Draft Manele
25 Small Boat Harbor Master Plan were:
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- 27 (1) The rapidly changing base of the island's economy;
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- 29 (2) The rapid growth and changing demographics of the
30 island's population;
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- 32 (3) The very limited area available for the expansion
33 of boating facilities; and
34
- 35 (4) The growing financial demands on the Department of
36 Land and Natural Resources to improve and maintain
37 small boat harbor facilities statewide;
- 38

39 and
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41 WHEREAS, one of the recommendations of the Draft Manele
42 Small Boat Harbor Master Plan is that the number of berths for
43 vessels be increased by the construction of additional piers,
44 together with public parking adjacent thereto; and
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1 WHEREAS, the report "Statewide Planning for Marina
2 Facilities" indicated an ongoing demand for additional berths
3 and related facilities on Lanai; and
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5 WHEREAS, the Department of Land and Natural Resources
6 encourages private development of marina facilities to help
7 meet the demand for berthing space; and
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9 WHEREAS, a lessee of an improved harbor area would be
10 responsible for the maintenance and upkeep of that area and
11 also pay lease rent to the State for land that is presently
12 undeveloped and badly in need of repair; and
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14 WHEREAS, Section 171-53(c), Hawaii Revised Statutes,
15 authorizes the Board of Land and Natural Resources, with the
16 prior approval of the Governor and prior authorization of the
17 Legislature by concurrent resolution, to lease submerged public
18 lands under the terms, conditions, and restrictions provided in
19 Chapter 171, Hawaii Revised Statutes; and
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21 WHEREAS, the Legislature desires to provide prior
22 authorization to the Board of Land and Natural Resources to
23 lease certain submerged lands described herein for the
24 development of marina facilities; and
25

26 WHEREAS, in order to process the lease of these lands,
27 all appropriate authorizations are required; now, therefore,
28

29 BE IT RESOLVED by the Senate of the Eighteenth
30 Legislature of the State of Hawaii, Regular Session of 1996,
31 the House of Representatives concurring, that the Board of Land
32 and Natural Resources, in conformance with Section 171-53,
33 Hawaii Revised Statutes, is authorized to lease to Lanai
34 Company, Inc. for the purposes of reclamation, development,
35 construction, use, and maintenance of at least twenty-four
36 berthing facilities for water craft and other improvements,
37 approximately one acre of submerged land, and such other
38 acreage as may be necessary for development and maintenance of
39 other ancillary facilities and improvements, being a portion of
40 Tax Map Key No. 4-9-1706 of Governor's Executive Orders
41 No. 2411 and 3111 situated at Manele Bay, Lanai; provided that
42 Lanai Company, Inc. shall utilize the berthing facilities
43 (slips) in the manner provided in Exhibit "A" attached hereto
44 and by reference made a part hereof; and
45

1 BE IT FURTHER RESOLVED that this Concurrent Resolution
2 is neither an implied approval of the decisions that must be
3 independently made by the Board or Department in acting on any
4 Conservation District Use Application nor implied intent to
5 include other submerged land leases; and
6

7 BE IT FURTHER RESOLVED that prior to executing the lease
8 the Board or Department must independently conclude that this
9 project will be economically feasible, environmentally sound,
10 and in compliance with Chapter 343, Hawaii Revised Statutes,
11 and that environmental concerns relating to all phases of the
12 project's construction shall be addressed and resolved; and
13

14 BE IT FURTHER RESOLVED that certified copies of this
15 Concurrent Resolution be transmitted to the Governor and the
16 Chairperson of the Board of Land and Natural Resources.
17

EXHIBIT A

Lanai Company, Inc. hereby acknowledges and agrees that in consideration of the approval of the resolution to which this exhibit is attached, and the execution of a mutually acceptable lease with the Board of Land and Natural Resources, Lanai Company, Inc. ("Lessee") shall:

1. Develop and adopt terms and conditions for the leasing of the nineteen (19) slips not subject to dedication as set forth below ("Leasing Program");

2. Dedicate five (5) slips to the State of Hawaii without any compensation payable by the State ("Dedicated Slips"); provided that Lessee shall not be liable to pay lease rent to the State for the Dedicated Slips; and

3. Reserve and make available seven (7) slips ("Reserved Slips") to be offered to individuals on the waiting list compiled by the Department of Land and Natural Resources Division of Boating and Ocean Recreation ("DBOR") for slips at the Manele Bay Harbor determined as of the date the initial offer to lease is made to the person holding the highest priority ("Waiting List"). DBOR shall offer the Reserved Slips to persons on its Waiting List according to priority and pursuant to its customary practice; subject, however, to the terms of Lessee's Leasing Program. Within 120 days from the date that the initial offer to lease was made to the person holding the highest priority on the Waiting List, the DBOR shall provide Lessee with a written list of the names of the persons from its Waiting List who will lease the Reserved Slips ("Reservation List"), as well as a written certification that all persons on the Waiting List had been given an opportunity to lease one of the Reserved Slips. Upon receiving said certification from DBOR, or, if Lessee does not receive the Reservation List and Written certification from DBOR within said 120 day time period, Lessee, in its discretion, may then lease any unleased Reserved Slips to any person pursuant to its Leasing Program; provided, however, that if any Reserved Slip shall subsequently become vacant at any time, the Reserved Slip shall be offered first to persons on DBOR's Waiting List according to the procedures and terms set forth above such that there will always exist the opportunity to have seven (7) slips leased to those on DBOR's Waiting List.

CARLSMITH BALL WICHMAN CASE & IOHIKI

ATTORNEYS AT LAW

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ONE MAIN PLAZA

SUITE 400, 2200 MAIN STREET

POST OFFICE BOX 1086

WAILUKU, MAUI, HAWAII 96793-1086

TELEPHONE (808) 242-4535

FAX (808) 244-4974

March 26, 1996

by Facsimile 586-6441/Hand Delivery

The Honorable Dwight Y. Takamine
Chairman
Committee on Planning,
Land & Water Use Management
House Representatives
State Capitol, Room 420
Honolulu, HI 96813

by Facsimile 586-6381/Hand Delivery

The Honorable Alexander C. Santiago
Chairman
Committee on Ocean Recreation and
Marine Resources
House of Representatives
State Capitol, Room 418
Honolulu, HI 96813

Re: House Concurrent Resolution No. 47

Dear Representative Takamine, Representative Santiago
and Committee Members:

Our office represents Lanai Co., with respect to
House Concurrent Resolution No. 47, authorizing the Board of
Land and Natural Resources to lease land at Manele Bay to Lanai
Co., for improvements to the harbor.

In its continuing efforts to create new jobs and
insure job security for Lanai residents, Lanai Co. is
proposing major improvements to the Manele Bay Small Boat
Harbor.

Exhibit "C"

The Honorable Dwight Y. Takamine
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March 26, 1996
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Originally a small, undeveloped bay, Manele was used as an area for off-loading lumber, goods and equipment during the early 1900's and later, a loading site for Lanai Ranch's cattle. When the pineapple plantation was built, Manele was considered for a commercial barge harbor, but Kaunalapau Bay was chosen instead, as it was an hour closer to the canneries on Oahu. Today, Kaunalapau Harbor is still primarily used as a commercial facility and it remains privately owned by Lanai Co., although negotiations are ongoing to transfer the harbor to the State.

The present Manele Bay Harbor was constructed in 1966, and is a shallow draft harbor with an average depth of seven feet. In 1988, a short rock breakwall was constructed, providing additional protection for the harbor.

The present facilities include 24 permanent berths along wooden piers and a mooring dock. There is a small restroom, but no electrical outlets or telephone service. Access to the harbor is by way of a rutted road in disrepair, to a dirt lot that serves as a parking area. (See aerial photograph attached hereto). The harbor is used for both recreational boating and commercial use and the present facilities are becoming overcrowded and inadequate.

Residents and guests thus presently have the use of a facility with limited improvements and amenities. Besides the inconvenience and unappealing nature of the harbor, the limited improvements have left the door open to potential liability for the State. For example, a person was recently injured diving off a pier. When taken out of the water, there was no telephone available to call an ambulance. Visitors are also surprised at the lack of services available at the harbor. With no facilities of any kind, one cannot even buy a cold drink, much less be able to arrange a day tour, transportation or other services.

Lanai Co.'s overall development plan includes a retail/commercial area at the entry to the harbor, to provide much needed services to the increased number of visitors to the island, as well as business opportunities and jobs for the

The Honorable Dwight Y. Takamine
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island's residents. This commercial area will be built on property owned by Lanai Co.

Within the harbor, the company is proposing to construct 24 additional berths and general improvements, including a paved and landscaped parking lot, serviced by utilities such as electricity, telephone and water, a picnic area, walkable surface on the existing fishing pier and an improved boat wash area. These additions will turn the Manele Small Boat Harbor into an attractive facility to be enjoyed by residents and guests alike and are substantially based on the recommendations of the Manele Harbor Advisory Committee, in the Draft Master Plan for the Manele Small Boat Harbor. (See overlay and attachments).

Because the additional berths and adjacent improvements will be on State land, Lanai Co. will need to lease certain submerged and surface land from the State, through the Department of Land and Natural Resources. This requires the authorization of the legislature by concurrent resolution, pursuant to Statute. If this authorization is given, Lanai Co. will still need to obtain various land use permits for its proposed facilities, and to negotiate with the Department of Land and Natural Resources for the lease of the space. Generally, such leases have been based on the State's appraisal of the value of the property. However, early discussions between Lanai Co. and the Department of Land and Natural Resources have also included the possibility of a percentage rent payment. Lanai Co. will retain the management of the leased area, as well as the responsibility of maintenance and upkeep. Thus, besides the value of the permanent improvements to the land and the benefit to the community of the new harbor area, the State will also be paid lease rent for what is now an undeveloped area.

In summary, the following significant benefits will be provided to the State in return for the lease of a portion of the Manele Bay Harbor to the Lanai Co.:

The Honorable Dwight Y. Takamine
The Honorable Alexander C. Santiago
March 26, 1996
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- the construction of permanent, additional berths to meet the ongoing demand for increased mooring facilities;
- the construction of an attractive, safe and functional harbor area, including landscaped parking, utilities, picnic area and improved fishing pier and boat wash area;
- Lanai Co. will manage the area and be responsible for the maintenance and upkeep of the new facilities;
- the payment of lease rent for land that is now unimproved, undeveloped and badly in need to repair;
- the opportunity to Lanai residents and other State residents, who have been on a waiting list with the State, to finally obtain a slip at the Manele Bay Harbor;
- an increase in revenues to visitor industry based businesses, due to the improvements in the overall appearance and utility of the harbor and increased revenue to the State, as a result; and
- greater business opportunities and jobs for Lanai residents, due to improved commercial facilities and increased number of tourists.

A companion resolution, S.C.R. No. 16, has recently been passed out of the Senate Committee on Planning, Land & Water Use Management. Certain revisions were made to the original proposal, and H.C.R. No. 47, with the revisions requested by the Senate in S.C.R. No. 16 underscored, is enclosed. Lanai Company, Inc. is in agreement with the revisions and respectfully requests your approval of this resolution.

The Honorable Dwight Y. Takamine
The Honorable Alexander C. Santiago
March 26, 1996
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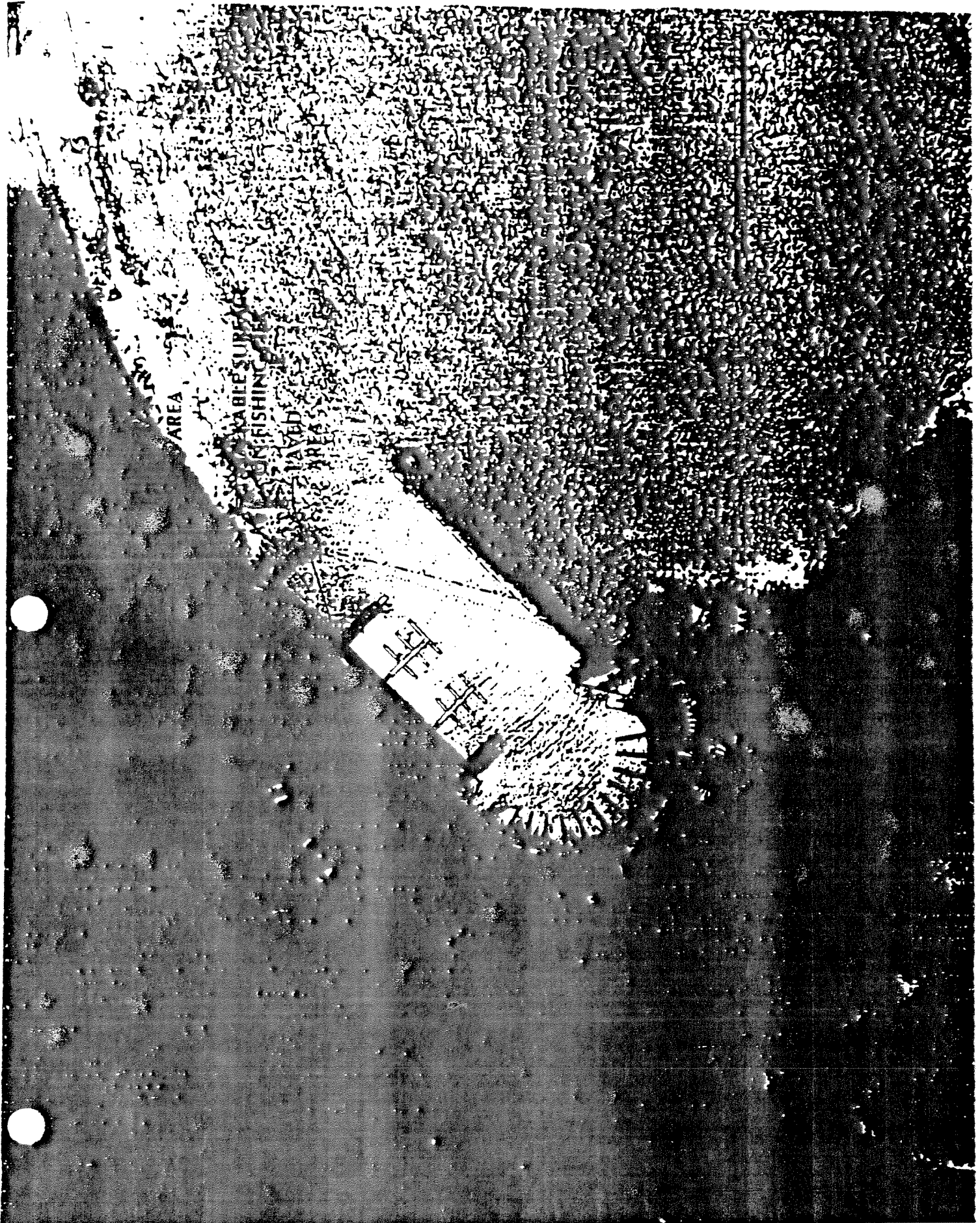
We thank you for the opportunity to provide this
testimony and we would be happy to respond to any questions.

Very truly yours,



CRAIG G. NAKAMURA

CGN/fn
Encs.
117/2682





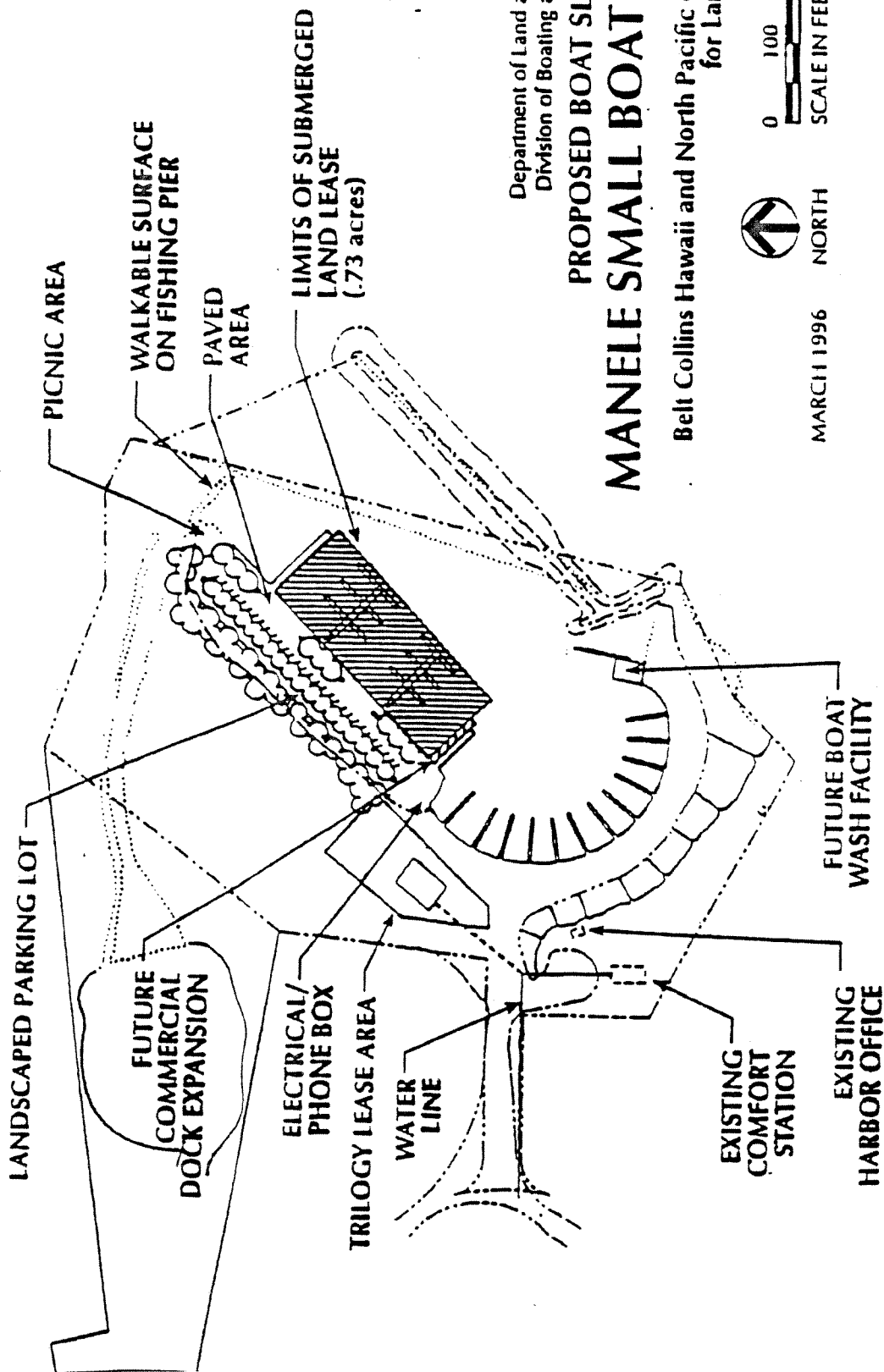
Bell Collins Hawaii and North Pacific Construction, Inc.
for Lanai Company, Inc.

MARCH 1996

NORTH-4



A vertical scale bar with markings at 0, 25, 50, and 100 feet. The text "SCALE IN FEET" is written vertically to the left of the scale.



Department of Land and Natural Resources
Division of Boating and Ocean Recreation

PROPOSED BOAT SLIP EXPANSION MANELE SMALL BOAT HARBOR

Belt Collins Hawaii and North Pacific Construction, Inc.
for Lanai Company, Inc.



NORTH

MARCH 1996



SENATE CONCURRENT RESOLUTION

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COMPANY, INC., FOR MARINA PURPOSES.

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2 grown from 6,000 in 1960 to over 13,000 in 1989, an increase of
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25 Small Boat Harbor Master Plan were:
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34 Company, Inc. for the purposes of reclamation, development,
35 construction, use, and maintenance of at least twenty-four
36 berthing facilities for water craft and other improvements,
37 approximately one acre of submerged land, and such other
38 acreage as may be necessary for development and maintenance of
39 other ancillary facilities and improvements, being a portion of
40 Tax Map Key No. 4-9-1706 of Governor's Executive Orders
41 No. 2411 and 3111 situated at Manele Bay, Lanai; provided that
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11 and that environmental concerns relating to all phases of the
12 project's construction shall be addressed and resolved; and

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CARLSMITH BALL WICHMAN CASE & IOHIKI

ATTORNEYS AT LAW

A PARTNERSHIP INCLUDING LAW CORPORATIONS

ONE MAIN PLAZA

SUITE 400, 2200 MAIN STREET

POST OFFICE BOX 1086

WAILUKU, MAUI, HAWAII 96793-1086

TELEPHONE (808) 242-4635

FAX (808) 244-4974

March 26, 1996

by Facsimile 586-6441/Hand Delivery

The Honorable Dwight Y. Takamine
Chairman
Committee on Planning,
Land & Water Use Management
House Representatives
State Capitol, Room 420
Honolulu, HI 96813

by Facsimile 586-6381/Hand Delivery

The Honorable Alexander C. Santiago
Chairman
Committee on Ocean Recreation and
Marine Resources
House of Representatives
State Capitol, Room 418
Honolulu, HI 96813

Re: House Concurrent Resolution No. 47

Dear Representative Takamine, Representative Santiago
and Committee Members:

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Exhibit "C"

The Honorable Dwight Y. Takamine
The Honorable Alexander C. Santiago
March 26, 1996
Page -2-

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The Honorable Dwight Y. Takamine
The Honorable Alexander C. Santiago
March 26, 1996
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island's residents. This commercial area will be built on property owned by Lanai Co.

Within the harbor, the company is proposing to construct 24 additional berths and general improvements, including a paved and landscaped parking lot, serviced by utilities such as electricity, telephone and water, a picnic area, walkable surface on the existing fishing pier and an improved boat wash area. These additions will turn the Manele Small Boat Harbor into an attractive facility to be enjoyed by residents and guests alike and are substantially based on the recommendations of the Manele Harbor Advisory Committee, in the Draft Master Plan for the Manele Small Boat Harbor. (See overlay and attachments).

Because the additional berths and adjacent improvements will be on State land, Lanai Co. will need to lease certain submerged and surface land from the State, through the Department of Land and Natural Resources. This requires the authorization of the legislature by concurrent resolution, pursuant to Statute. If this authorization is given, Lanai Co. will still need to obtain various land use permits for its proposed facilities, and to negotiate with the Department of Land and Natural Resources for the lease of the space. Generally, such leases have been based on the State's appraisal of the value of the property. However, early discussions between Lanai Co. and the Department of Land and Natural Resources have also included the possibility of a percentage rent payment. Lanai Co. will retain the management of the leased area, as well as the responsibility of maintenance and upkeep. Thus, besides the value of the permanent improvements to the land and the benefit to the community of the new harbor area, the State will also be paid lease rent for what is now an undeveloped area.

In summary, the following significant benefits will be provided to the State in return for the lease of a portion of the Manele Bay Harbor to the Lanai Co.:

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- the construction of permanent, additional berths to meet the ongoing demand for increased mooring facilities;
- the construction of an attractive, safe and functional harbor area, including landscaped parking, utilities, picnic area and improved fishing pier and boat wash area;
- Lanai Co. will manage the area and be responsible for the maintenance and upkeep of the new facilities;
- the payment of lease rent for land that is now unimproved, undeveloped and badly in need to repair;
- the opportunity to Lanai residents and other State residents, who have been on a waiting list with the State, to finally obtain a slip at the Manele Bay Harbor;
- an increase in revenues to visitor industry based businesses, due to the improvements in the overall appearance and utility of the harbor and increased revenue to the State, as a result; and
- greater business opportunities and jobs for Lanai residents, due to improved commercial facilities and increased number of tourists.

A companion resolution, S.C.R. No. 16, has recently been passed out of the Senate Committee on Planning, Land & Water Use Management. Certain revisions were made to the original proposal, and H.C.R. No. 47, with the revisions requested by the Senate in S.C.R. No. 16 underscored, is enclosed. Lanai Company, Inc. is in agreement with the revisions and respectfully requests your approval of this resolution.

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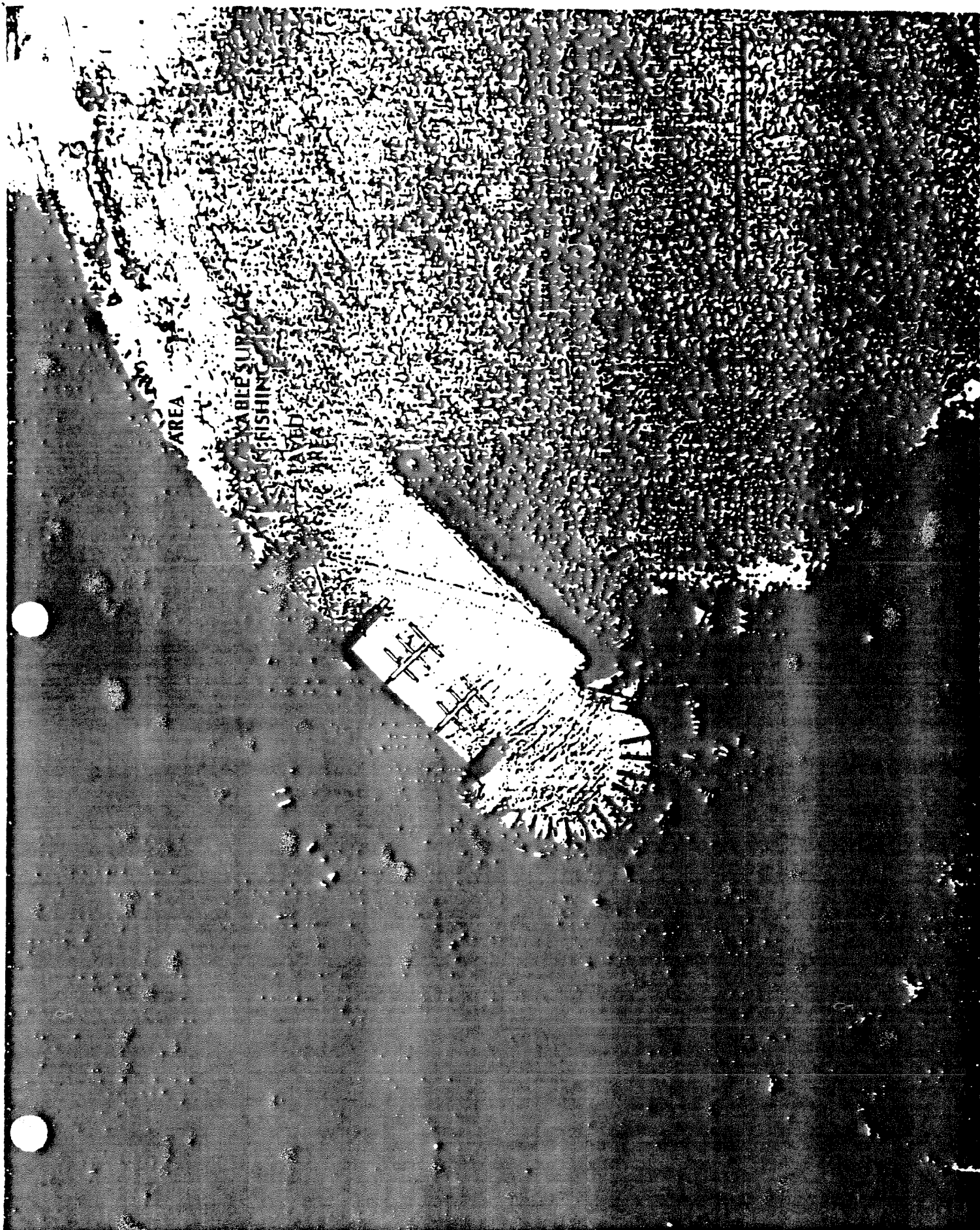
We thank you for the opportunity to provide this
testimony and we would be happy to respond to any questions.

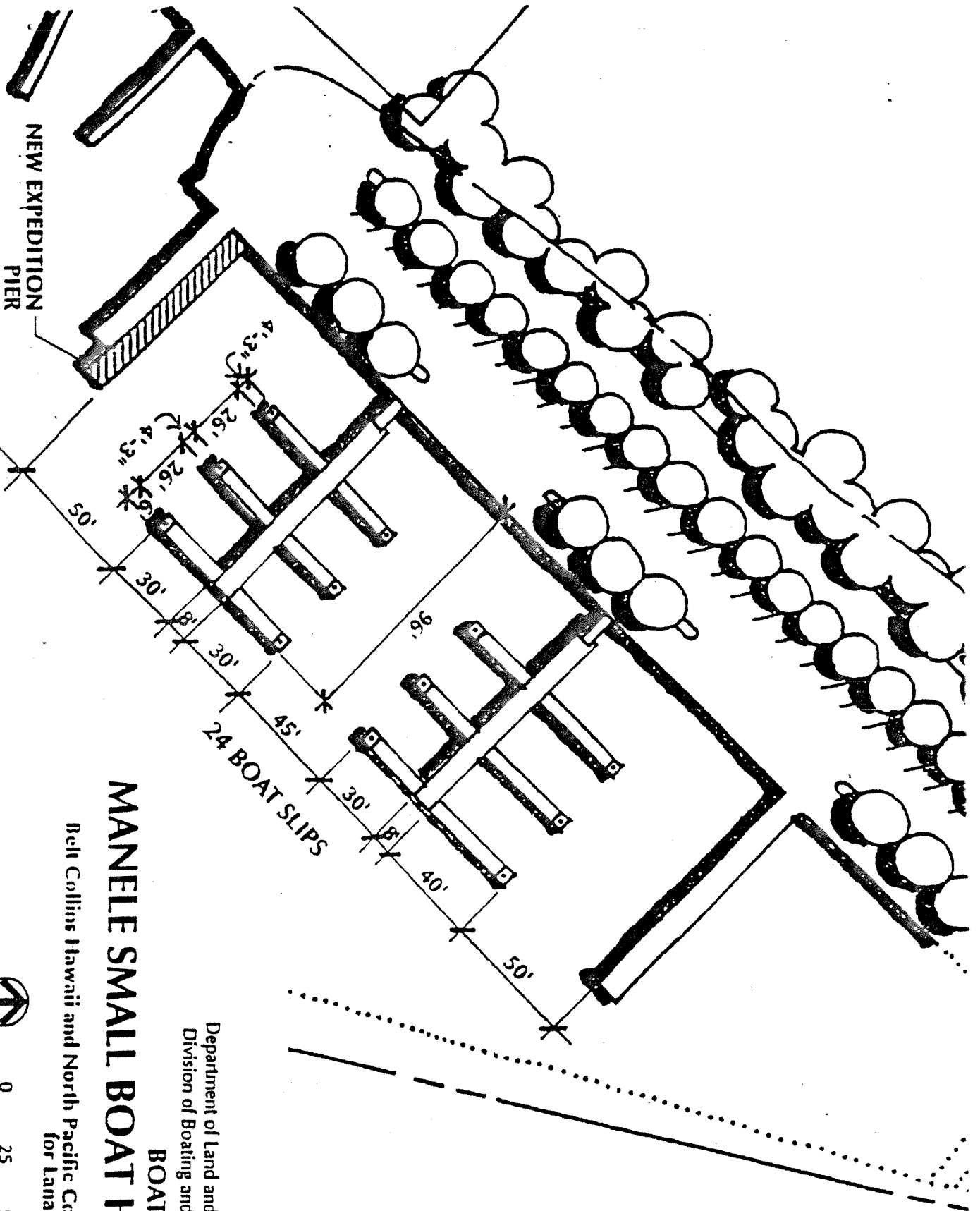
Very truly yours,



CRAIG G. NAKAMURA

CGN/fn
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MANELE SMALL BOAT HARBOR

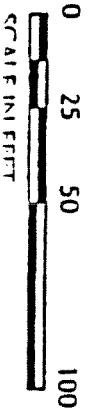
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for Lanai Company, Inc.

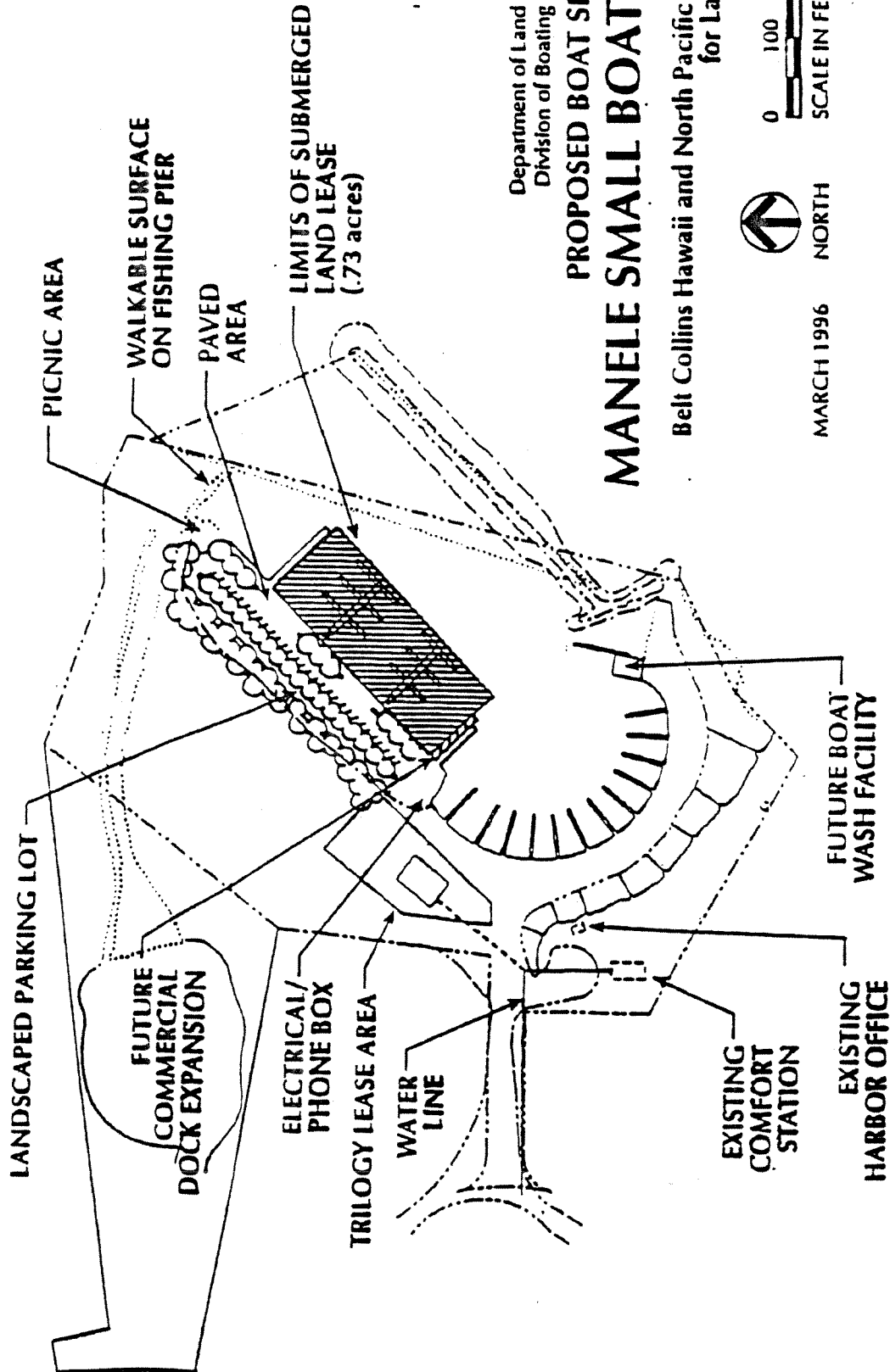
Department of Land and Natural Resources
Division of Boating and Ocean Recreation

BOAT SLIP DETAIL



MARCH 1996 NORTH





Department of Land and Natural Resources
Division of Boating and Ocean Recreation

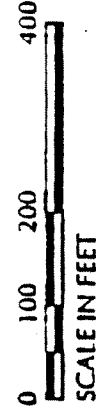
PROPOSED BOAT SLIP EXPANSION MANELE SMALL BOAT HARBOR

Belt Collins Hawaii and North Pacific Construction, Inc.
for Lanai Company, Inc.



NORTH

MARCH 1996



**MINUTES OF THE MEETING
OF THE
BOARD OF LAND AND NATURAL RESOURCES**

DATE: October 11, 1996
TIME: 9:00 a.m.
PLACE: Lanai Public and School Library
Lanai Library Meeting Room
Fraser Avenue
Lanai City, Lanai

PRESENT:

MEMBERS: Michael Wilson
Chris Yuen
William Kennison
Colbert Matsumoto
Michael Nekoba
Lynn McCrory

STAFF: Dean Uchida
Dave Parsons
Michelle Bradley
Sherrie Mendez

GUESTS: Linnel Nishioka, Peter Garcia, Juliet Begley, Cindy Arisa, Ron McOmber, Craig Nakamura, Bob Donovan, Steve Knight, Ken Saben, Everett Kaneshige, Andrew Daymude, and Mike Elroy

All written testimony and tapes of the meeting are filed in the Chairperson's office and are available for review. Certain items on the agenda were taken out of sequence to accommodate applicants or interested persons present. A copy of the agenda is attached for reference.

Chair Michael Wilson commenced the meeting of the Board and Land and Natural Resources at 9:10 a.m.

Approval of the minutes of September 13, 1996:

The minutes of the meeting of September 13, 1996 was unanimously approved as submitted (Matsumoto/Kennison)

Motion to add on items E-1 and E-2 (Yuen/Kennison)
Vote: all in favor.

ITEM J-1 Issuance of lease by direct negotiation, Manele Boat Harbor, Island of Lanai

Dave Parsons briefed the Board and gave the staff recommendation that the Board authorize the issuance of a lease and non-exclusive easement by direct negotiation subject to terms and conditions.

Craig Nakamura introduced himself as the attorney representing Lanai Company. He said the proposed addition to the boat harbor is the result of a master plan that's been deemed the best use of the harbor by the Manele Small Boat Harbor Advisory Committee. Lanai Company proposes to develop as well as make improvements to the site by installing utility lines for water, telephone and electricity to help address safety issues. Nakamura said there will be a paved and landscaped parking lot, a picnic area, a walkable surface on the pier and improved boat wash area. He said Lanai Company will dedicate five (5) slips to the State and seven (7) slips to be offered to individuals on the waiting list at market rates.

Bob Donovan clarified different areas on a map that was displayed. He said that since some of the land is submerged State lands, Lanai Company was required by statute to go to the legislature for authorization by concurrent resolution. They expect the project to be completed in May or June. Member Matsumoto was concerned about the timing of the anticipated improvements. Donovan assured him that it would be completed and said the preliminary engineering work has been completed.

There was a discussion about the boundaries of the property between the State land and the Lanai Company. It was confirmed that the area that is subject to a lease is the submerged land and the easement is for the access to go in and out. Lanai Company would not have any kind of land title except for access easement. Donovan said the company will be responsible for the long term maintenance of the area. He said the roadway is not within the State Executive Order but that it will be realigned and put within the State boundary.

Cindy Arisa testified the project would be beneficial to the tourist and residents of Lanai. She felt it was an opportunity for new businesses and job opportunities for the residents. Arisa felt the new marina would be a significant economic benefit for the entire island.

Ron McOmber testified his concern was that "the 2-1/2 years of work on the master plan was for naught". He talked about the Kuhn family who obtained a 35 year lease to build a building, completely against what the harbor advisory committee understood was going to happen. McOmber could not understand how the 35 year lease was signed as it had not come before the Land Board.

McOmber said Lanai Company is going to control 19 of the 24 slips and that it will be a commercial operation for them. He said the Lanai people will not benefit from this and what Lanai needs is a secured boat storage area. McOmber said if Lanai Company wants to do something for the people of Lanai, they should do something positive and commit to do some of the things the advisory committee came up with in the master plan.

There was a discussion about the demand for a trailer boat area and whether the boaters could form an association to lease land from the State and build their own trailer area. McOmber said there would probably be enough interest but talked about the cost. Member Matsumoto felt that Lanai Company is proposing to meet many of the objectives in terms of roads and utilities. McOmber said there is an access corner [of land] that is not being used for anything, why not plan for a boat storage area?

McOmber said he was not here to stop the project but to let the Board know that the boaters have concerns. He said that after working on the master plan for 2-1/2 years and worked on it as a community, someone should listen. McOmber stated that, "as long as the big bucks are going to step in here to do this, can we have some help with that?" He said the Lanai people "are not getting a fair shake on this" and it is not equitable.

Steve Knight introduced himself as Vice-President of Punihiki Corporation which has run the Expedition passenger ferry for the past 8 years. He said the harbor has been in dire need of improvements for a long time and they installed a solar powered lighting system for the safety of their passengers. Knight testified that the project is a positive one and that he supports it. He said the present condition of the harbor is a liability to the State and felt with all of the improvements that are proposed, it would be a "tremendous benefit for the local people".

Ken Saben, a boat owner, testified in favor of the project.

There was a discussion about the 5 slips designated for people on the waiting list and the question was whether the residents of Lanai could have first preference. Parsons said this issue was raised in the CDUA hearing and at that time, it was determined to be unconstitutional to direct priority use by geographic residents.

A discussion took place regarding parking stalls. It was not certain how many stalls would be available and whether the County would require a certain amount of parking.

Parsons said as far as future dock expansion plans, the Expeditions has proposed to construct a dock at their expense. He said under the administrative rules, the Boating Division can approve the construction of a berthing facility which would give them preferential use of it for the term of their permit and there would be a reduced fee based on the cost of the dock. Parsons said within boating's own development plans, a proposal to offer it as a concession was made but at the time, it was believed that the cost was not financially acceptable. He estimates the "bare bones" minimum cost to develop a trailer storage area would be approximately \$50,000.

Donovan approximates the cost of the whole project to be \$800,000 to 825,000. Member Matsumoto asked if any consideration was given to incorporate the trailer storage area. Donovan explained that it was discussed at advisory meetings and it was estimated to cost \$80,000 for approximately 26 to 30 spaces. He said Lanai Company could not see spending \$80,000 and not have any return on their investment although he agrees there is a need for it. He saw it as an opportunity for someone else to do it. Member Matsumoto felt that if the grading was done at the same time it was being developed, it would keep the cost down. Donovan said the bulk of the cost would not be the grading but in the preparation and the paving materials.

Unanimously approved as submitted (Kennison/Nekoba).

ITEM D-10 Conservation District Use application (KA-2819) for a radio tower at Haupū Ridge, Koloa, Kauai, TMK: 3-4-6: 1

Uchida briefed the Board. He said the Division of Forestry and Wildlife's concern was the potential impact of the possible night time aerial collisions of the threatened and endangered birds with the tower or its guy wires. The District Wildlife Manager does not believe it to be a significant problem. The other concern was the nesting burrows on the project site but the manager feels confident that the proposed tower would not pose a significant problem. The U.S. Fish and Wildlife Service had concerns about the quality of the environmental assessments which were done. Since then, the applicants have done additional work to address the concerns. The Wildlife Service believes that the project will not affect any federal endangered or threatened plants. Uchida said a public hearing was held on August 22, 1996. No one other than the applicant and his agents were present at the hearing. University of Hawaii and Brigham Young University investigators concluded that if the project is constructed with mitigative measures to prevent erosion, it would be consistent with the objective of the Protective subzone.

Uchida said comments and concerns from the Sierra Club on Kauai were the aesthetic impact of the 250 foot tower on the ridge and the availability of the draft EIS on Kauai. They also asked why a decision that would affect Kauai was held on Lanai. He said 6 individuals sent letters indicating their concern for the aesthetic impact of the tower.

Uchida stated the staff's recommendation that the Board approve Stangl Broadcasting's CDUA for a radio tower at Haupū Ridge subject to conditions.